

Wisconsin State Legislature

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Joint Committee on Finance *100th ANNIVERSARY 1911 - 2011*

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative Robin Vos

Date: May 13, 2011

Re: DOC Report to JFC

Attached is a report on Prison Industries from the Department of Corrections, pursuant to s. 303.019, Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:RV:jm

Scott Walker
Governor

Gary H. Hamblin
Secretary



State of Wisconsin
Department of Corrections

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April 15, 2011

RECEIVED
MAY 13 2011

BY: *St. Finance*

Senator Alberta Darling
Co-Chair, Joint Committee on Finance
Room 317 East
State Capitol
P.O. Box 7882
Madison, WI 53707-7882

Representative Robin Vos
Co-Chair, Joint Committee on Finance
Room 309 East
State Capitol
P.O. Box 8953
Madison, WI 53708

Dear Senator Darling and Representative Vos:

Attached is the report on Prison Industries for the quarter ending September 30, 2010 as required by § 303.019 of the Wisconsin Statutes. This report includes the year-to-date cash balances of Badger State Industries at the end of the first quarter.

Traditional Prison Industries

Due to the economic situation, Traditional Industries suffered a cash forward balance of (\$3,235,500) from FY 2010. The first quarter reporting period for FY 2011 from July 1, 2010 through September 30, 2010 shows gross revenues of \$2,775,900 with cash expenditures of \$5,137,900. The first quarter ends with expenditures exceeding revenues by (\$2,362,000). This is due to the need to purchase materials necessary for the construction of systems furniture, which has been ordered by the Department of Military Affairs and University of Wisconsin Systems and will be delivered later in the year.

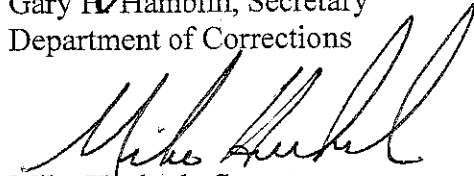
Under the cash-basis of accounting, the projected cash balance for Traditional Industries in FY 2011 indicates a loss of (\$933,900). On an accrual accounting basis, a \$(1,259,100) loss is projected for FY 2011. When the current year cash-basis projected loss of (\$933,900) is added to cash forward balance of (\$3,235,500), the total projected cash balance indicates a shortfall of (\$4,169,400).

The FY 2010 operational loss, lower overall sales, and the need to purchase materials in advance for agency orders are resulting in a projected negative cash balance for Traditional Industries in FY 2011. The Department recognizes the projected shortfall and is working diligently towards increasing sales and/or reducing expenditures during FY 2011 in order to return to profitability. DOC has renewed optimism in new sales, as exemplified by recent orders from the Department of Military Affairs and University of Wisconsin System.

Sincerely,



Gary H. Hamblin, Secretary
Department of Corrections



Mike Huebsch, Secretary
Department of Administration

Attachments

cc: Chuck Cole, OOS
Melissa Roberts, OOS
Tim Peterson, BCE
Bernie Spiegel, BCE
Cathy Jess, DAI
Tim Lefave, DAI
Brigitte Smith, DAI
Ben Cruz, BCE
Ben Grattan, BCE
Chris Carmichael, LFB

Dennis Schuh, OOS
Stacey Rolston, DMS
Roland Couey, DMS
Dan Steeger, DMS
Dustin Trickle, DMS
Martina Allen, DMS
Jana Steinmetz, DOA
Katie Kisiolek, DOA
Jere Bauer, LFB

BADGER STATE INDUSTRIES

YEAR TO DATE CASH BALANCE SUMMARY BY INDUSTRY

AS OF SEPTEMBER 30, 2010

TRADITIONAL INDUSTRIES				
INDUSTRY	CASH BALANCE 7/1/2010	FY-11 YTD REVENUE	FY-11 YTD EXPENDITURE	CASH BALANCE 9/30/2010
NON PROJECT OPERATIONS				
MANAGEMENT & SUPPORT **	(1)	29,403	1,016,850	(987,448)
DISTRIBUTION CENTER	0	4,132	352,098	(347,966)
TRANSITION PROGRAM	0	0	31,333	(31,333)
SUB-TOTAL	(1)	33,535	1,400,281	(1,366,747)
PROJECT OPERATIONS				
FURNITURE **				
WOOD & LAMINATING	(13,674,941)	444,098	574,212	(13,805,055)
METAL FURNITURE	(49,876,895)	381,703	888,153	(50,383,345)
SYSTEM FURNITURE	56,209,537	75,916	114,388	56,171,065
UPHOLSTERY	(1,100,876)	545,610	498,354	(1,053,620)
FURNITURE SUB-TOTAL	(8,443,175)	1,447,327	2,075,107	(9,070,955)
LAUNDRIES				
OSCI LAUNDRY	265,122	329,451	198,104	396,469
CVCTF LAUNDRY	(1,358,383)	66,394	116,359	(1,408,348)
LAUNDRIES SUB-TOTAL	(1,093,261)	395,845	314,463	(1,011,879)
METAL STAMPING	17,888,654	377,226	332,453	17,933,427
PRINTING	(3,194,066)	138,739	222,908	(3,278,234)
SIGNS				
SCI SIGN SHOP	1,961,964	144,211	410,213	1,695,963
JCI SIGN SHOP	(492,424)	103,582	82,858	(471,700)
NLCI HYDROSTRIPPING SHOP	(946,454)	937	53,160	(998,677)
SIGNS SUB-TOTAL	523,086	248,730	546,230	225,586
TEXTILES				
GBCI TEXTILES	(4,440,057)	104,363	199,444	(4,535,139)
SILKSCREENING SERVICES	(4,476,702)	27,656	43,010	(4,492,057)
TEXTILES SUB-TOTAL	(8,916,760)	132,019	242,454	(9,027,195)
WHEEL CHAIR REFURBISHING	0	2,437	3,961	(1,524)
SUB-TOTAL				
TOTAL	(3,235,523)	2,775,858	5,137,857	(5,597,522)

Footnotes:

1: Management & Support costs represent overhead and non-project operations. Transition program costs are substantially allocated to the appropriate industries in the current fiscal year. Any remaining costs will be allocated in next fiscal year operation.

2: System Furniture sales are derived from products manufactured by the other Industries: Wood & Laminating, Metal Furniture, and Upholstry. Costs for those products are retained by the originating shop.

Traditional Prison Industries

June 30, 2011 Projected Cash Profit and Loss Statement As of September 30, 2010

Projected Revenue		15,121,500
Projected Cost of Goods Sold	\$12,960,200	
Projected Selling Expense	1,504,000	
Projected Administrative Expense	<u>1,591,200</u>	
		<u>\$16,055,400</u>
Plus beginning Cash Balance		(3,235,500)
Projected Cash Profit (Deficit) - June 30, 2011		(933,900)
Projected Cash Balance June 30, 2011		<u>(4,169,400)</u>

June 30, 2011 Projected Accrual Profit and Loss Statement As of September 30, 2010

Projected Sales		15,121,500
Projected Cost of Goods Sold	\$13,258,700	
Projected Selling Expense	1,504,000	
Projected Administrative Expense	<u>1,617,900</u>	
		<u>\$16,380,600</u>
Projected Accrual Basis Operating Profit (Deficit) - June 30, 2011		<u>(1,259,100)</u>